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15 *Counsel for the United States of America on behalf of its*

16 *Environmental Protection Agency and the United States Coast Guard*

17
18 **UNITED STATES BANKRUPTCY COURT**
19 **CENTRAL DISTRICT OF CALIFORNIA**
20 **(Northern Division)**
21

22 In re:) Case No. 9:19-BK-11573-MB

23 HVI CAT CANYON, INC.,) Chapter 11

24 Debtor.)

25) **UNITED STATES' LIMITED**
26) **REPLY TO DEBTOR'S STATUS**
27) **REPORT**

28) Date: September 23, 2019

) Time: 10:00

) Place: 2104 Burbank Blvd.,

) Courtroom 303

) Woodland Hills, CA 91367

) Judge: Hon. Martin R. Barash

1 COMES NOW, the United States of America, by and through undersigned
2 counsel, on behalf of the United States Environmental Protection Agency and the
3 United States Coast Guard, and hereby file the following limited response to the
4 Debtor's Status Report [Docket No. 202].
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7 The Debtor's Status Report (at ¶¶ 25-26) mentions the Debtor's Motion to
8 sell its Richmond East Dome Unit pursuant to Section 363(f) [Docket No. 96]. No
9 Objection or Hearing Date was set for this Motion. The United States has concerns
10 with the proposed sale. At the time this case was transferred to this District there
11 were negotiations ongoing about a proposed briefing schedule for this Motion.
12
13 The United States requests that it be included in any briefing schedule so that its
14 concerns with the proposed sale may either be addressed by the Debtor, or if
15 necessary, resolved by this Court.
16
17

18 In addition, out of an abundance of caution, the United States wants to make
19 this court aware of the agreement by the parties, made on the record before Judge
20 Hale that any further Cash-Collateral Order issued in this matter would contain the
21 following language:
22

23
24 "Nothing in this Cash Collateral Order or the Cash Collateral Budget shall
25 permit the Debtor to violate 28 USC 959(b), and nothing in this Cash Collateral
26 Order or the Cash Collateral Budget shall in any way diminish the obligation of
27 any entity, including the Debtor, to comply with environmental laws."
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1 Finally, the United States wishes to advise the Court, and the Court can take
2 judicial notice, of the pending litigation against the Debtor in the United States
3
4 District Court for the Central District of California [*United States of America, et al.*
5 *v. HVI Cat Canyon, Inc.*, Civil No. 11-5097 FMO (SSx) (USDC C.D. California)].
6
7 Partial Summary Judgment was granted in May 2018, and a bench trial was held
8 on the remaining issues in October 2018. A final ruling in that matter is pending.
9
10 On August 26, 2019, the District Court ruled that the bankruptcy automatic stay is
11 inapplicable to the pending ruling. A copy of the District Court's Order is
12 attached.

13
14 Date: September 19, 2019

15 Respectfully submitted,

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17 /s/ Karl Fingerhood
18 KARL FINGERHOOD
19 Senior Counsel
20 U.S. Department of Justice
21 Environmental Enforcement Section
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